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C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 002352

SIPDIS

STATE ALSO FOR USTR -- WCUTLER AND MROHDE

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SUBJECT: NEW METI DIRECTOR GENERAL ON WTO, BILATERAL AND  
REGIONAL ECONOMIC TIES

Classified By: CDA James Zumwalt, Reasons b,d

(C) Summary: Newly appointed Ministry of Economy, Trade and Industry (METI) Director General Hideichi Okada (Trade Policy Bureau) told EMIN August 26 that progress in the WTO Doha Development Agenda is "too meaningful to destroy." METI Minister Nikai will encourage his ASEAN plus 6 counterparts to support a strong statement in favor of the Doha round during the economic ministers' meeting in Singapore later this week. Okada also noted Nikai's planned phone conversation Aug. 26 with WTO DG Lamy and the METI Minister's interest in speaking the week of Aug. 31 with USTR Amb. Schwab. In the introductory call, Okada noted the importance of the U.S. and Japan continuing their close cooperation on climate change/energy issues and agreed there are benefits in ratcheting up bilateral economic relations, both in dealing with beef and other outstanding issues, but in meeting emerging developments, including in connection with regional and global economic developments. Okada noted continued GOJ interest in advancing the work of APEC and stated that Japan's engagement with ASEAN and the ASEAN plus Three and ASEAN plus Six frameworks did not come at the expense of strong engagement with the U.S. in the region. End summary.

Doha

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(C) Okada said the GOJ believes progress made in the Doha Development Agenda was "quite powerful" and "too meaningful to destroy." He noted that he had accompanied METI Minister Nikai during his recent visits to Beijing, Seoul, and Geneva, where they attempted to find ways to revitalize the WTO talks. METI Minister Nikai planned to call Pascal Lamy August 26 and also wants to arrange a telephone conversation with USTR Schwab sometime the week of August 31st. EMIN deployed earlier guidance on the DDA, but also noted the reports of Japanese concerns over further agriculture market opening. Okada stated all countries need to share the pain to achieve a successful round.

Economic Regional Integration

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(C) The new METI DG said Minister Nikai will travel to Singapore August 27 for the ASEAN Economic Ministers, meeting, where he will urge other ASEAN plus 6 members to support a strong statement in favor of the Doha Round. Both ASEAN plus 3 and plus 6 member countries are focused on

economic integration. Okada said that no one model offers all the solutions. In addition to the alternatives for trade agreements under consideration in the ASEAN plus 6 and the ASEAN plus 3 talks, Singapore is a key promoter of countries joining the P-4 free trade agreement between Chile, New Zealand, Brunei, and Singapore. Regardless of the particular configuration, Japan remains mindful of its economic relationship with the United States, Okada said. It is possible, he stated, to build a stronger engagement with the U.S. at the same time Japan develops regional relations with the ASEAN members and others in the region. He noted the interest in proceeding with FTAAP.

#### Bilateral Economic Agenda

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(C) Okada noted the GOJ remains interested in continuing our close cooperation on climate change and energy security issues. He also said he is thinking about the subcabinet discussions and the level of engagement between the U.S. and Japan versus the cabinet level discussions between the U.S. and China and between China and Japan. Okada added he hoped a new U.S. Administration would continue the high level dialogue, albeit at the cabinet vice the subcabinet level. EMIN suggested while process is important, it is essential that any process lead to results. He noted too the remarks made in the December subcabinet discussions about the need to take steps to fulfill the promise inherent in discussions between the world's two largest economies, resolving outstanding problems and looking to steps to advance work on investment and other market opening issues.

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#### BioNote

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(C) Okada, who was executive assistant to PM Koizumi from 2001 to 2006, has prominently displayed a number of pictures of himself with Koizumi and President Bush in his office, including one of himself with the two leaders and their wives taken just before the President's state dinner for the visiting Prime Minister. Okada also pointed out a piece of calligraphy done by Koizumi and given to Okada a few days before Koizumi left office. After working for Koizumi, Okada became a senior research fellow and the Research Institute of Economy, Trade and Industry and then became a visiting scholar at UC San Diego's School of International Relations and Pacific Studies and a visiting scholar at Harvard Law School. After returning to Japan in 2007 he became METI DG for Commerce and Information Policy and then moved over this July to run METI's Trade Policy Bureau when the previous incumbent moved up to the Vice Minister slot.

ZUMWALT